



November 15, 2011

VIA EMAIL AND FEDEX OVERNIGHT DELIVERY TRACKING #795410441918

Forrester Construction Company, Inc.
12231 Parklawn Drive
Rockville, Maryland 20852
Attention: John R. Forrester

**Re: Response to 11/14/11 Forrester Letter
Anacostia Senior High School Project**

Dear Rick:

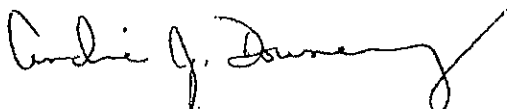
Reference is made to your letter dated November 14, 2011 (the "Forrester Letter") concerning our letter dated November 3, 2011 regarding that certain JV Contract (the "JV Contract"), dated June 11, 2009, by and between Forrester Construction Company, Inc. ("Forrester") and EEC of DC ("EEC") for the Anacostia Senior High School project (the "Project"). We are writing in response to the Forrester Letter. This letter will respond to each of the bulleted items in the Forrester Letter in the same order.

1. You indicate that the EEC of DC, Inc./Forrester Construction, Anacostia Senior High School Project Joint Venture (the "Joint Venture") paid EEC prior to receiving the Department of General Services (formerly OPEFM and hereinafter referred to as "Owner") payment for July's work. This statement is factually inaccurate. EEC sent its preliminary July invoice to Forrester on July 20, 2011, which EEC customarily sent to Forrester each month on a similar date. Forrester claims never to have received this invoice. Then, on August 3, 2011, EEC sent its final invoice to Forrester. For whatever reason, Forrester never included EEC's invoice in its final invoice that was submitted to the Owner. After some disputes on this matter, Forrester inexplicably decided to pay EEC approximately \$400,000 of the \$600,000 owed to EEC for July's work on the Project. Forrester has yet to remit the additional approximately \$200,000 still owed by Forrester to EEC for July's work.
2. Forrester admits that the net amount due to EEC for the work performed by EEC in August is \$617,298. However, Forrester's calculations show that Forrester billed the Owner for \$941,299, which includes more than \$300,000 in additional receipts not related to the work performed by EEC. EEC is unclear what work is represented by this additional \$300,000.

3. The restitution issue may not be an Owner issue. Instead, the issue relates to inaccurate wage amounts used by Forrester in its billing process. Specifically, it appears that Forrester provided the incorrect Davis Bacon wage rates for certain work, including, the hazardous material (haz-mat) & skilled/unskilled labor (selective demo). For haz-mat, the original (incorrect) wage per hour was \$10.60 and the correct wage per hour is \$24.45. As a result, Forrester owes EEC restitution payments for the difference in the wage rates as EEC has paid its employees the \$24.45 rate since inception of the Project. If profits are to be used to pay EEC, they should be from Forrester's portion of the profits, not from EEC's profits (which are yet to be realized).
4. The bonding issue has been discussed many times. Please refer to EEC's letter dated November 11, 2011 for a summary of and EEC's position with respect to this issue.
5. With respect to EEC's billing, we disagree that EEC's invoicing is confusing. In addition, Forrester has refused to submit numerous potential change orders (PCO's) to the Owner and that is why they have not been approved yet. Because these PCO's have not been submitted to the Owner, EEC has no option but to include these PCO's in its invoice. They are expenses incurred by EEC on the Project. Also, I note that although Forrester has not been submitting these PCO's to the Owner, Forrester has been submitting PCO's from others.
6. We disagree with Forrester's statement that EEC's PCO's have been submitted with improper backup. We would be happy to discuss these PCO's at the meeting scheduled for November 16, 2011.
7. Finally, we disagree that EEC is in breach and in default under the JV Contract. In actuality, the Joint Venture is in default under the Construction Management Agreement for Anacostia Senior High School dated January 4, 2010 by and between the Joint Venture and the Owner because the Joint Venture has failed to pay EEC for the August work done on the Project. Although the Joint Venture is technically the party in default, it is Forrester that has caused the Joint Venture to be in default because Forrester is handling the finances for the Joint Venture and purposely excluding EEC (which is also a breach of the JV Contract) from the bank account.

This letter is not intended to be an election of remedies or an extension of time to cure. EEC reserves any and all rights.

Sincerely,



Andre Downey
Pres/CEO

cc: Office of Public Education Facilities Modernization, DC Government
Department of Small and Local Business Development, DC Government